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Message Text

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ORIGIN NEA-13

INFO OCT-01 ISO-00 PRS-01 SS-20 SSO-00 L-03 H-03 ABF-01

INR-10 EB-11 COME-00 FEA-02 SPC-03 SAM-01 INRE-00

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DRAFTED BY NEA/INR:BLAINGEN:BDF
APPROVED BY NEA/INS:BLAINGEN
NEA/INS:DBORN
---------- 073231
O 161906Z FEB 74
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI IMMEDIATE

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E.O. 11652: N/A
TAGS: EFIN, IN
SUBJECT: RUPEES

REF: NEW DELHI 2346

1. ASSUME YOU NOW HAVE OUR 32040 ON PRESS TREATMENT. WE FRANKLY DON'T KNOW WHETHER CHECK IS LARGEST EVER WRITTEN. IN ANY EVENT, WE DO NOT BELIEVE THIS IS AN APPROPRIATE ITEM FOR PUBLICITY, CERTAINLY NOT HERE.

2. TEXT OF MOORHEAD/HAMILTON LETTER FOLLOWS. QUOTE:
DEAR MR. SECRETARY:

WE WISH TO CONVEY TO YOU THREE AREAS OF MAJOR CONCERNS WE HAVE ABOUT THE PROPOSED INDIAN RUPEE SETTLEMENT AGREEMENT AND ON WHICH WE WOULD LIKE TO HAVE YOUR COMMENTS BY THE CLOSE OF BUSINESS ON FEBRUARY 15, 1974. YOUR RESPONSES WILL BE INCLUDED AS PART OF THE RECORD OF THE HEARING BY THE SUBCOMMITTEE ON THE NEAR EAST AND SOUTH ASIA ON THE PROPOSED AGREEMENT, AT WHICH AMBASSADOR MOYNIHAN TESTIFIED.
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THE FIRST MAJOR POINT OF CONCERN RELATES TO THE STATUTORY AUTHORITY FOR THE INDIAN RUPEE SETTLEMENT AGREEMENT. AS INDICATED IN THE ATTACHED PAPER, THIS MATTER WAS DISCUSSED WITH AMBASSADOR MOYNIHAN DURING HIS MEETING WITH CONGRESSMAN MOORHEAD ON SEPTEMBER 27, 1973. WE BELIEVE THAT THIS MATTER SHOULD BE CAREFULLY RESOLVED BEFORE THE AGREEMENT IS SIGNED AND ONCE AGAIN URGE APPROPRIATE STATE DEPARTMENT OFFICIALS TO OBTAIN AN IMMEDIATE, FIRM DECISION FROM THE COMPTROLLER GENERAL.

SECOND, WE BELIEVE THAT THE LIST OF DEVELOPMENT PROJECTS FOR WHICH THE RUPEES RETURNED TO INDIA UNDER THE PROVISIONS OF THE AGREEMENT WOULD BE AVAILABLE SHOULD BE RECAST TO TAKE INTO CONSIDERATION THE ENERGY CRISIS AND THE PROBLEMS THE WORLD PETROLEUM PRICE INCREASES HAVE CAUSED THE INDIAN ECONOMY. WE WOULD PROPOSE THAT ITEM (VII) OF THE AGREEMENT LISTING AGREED-UPON PROJECTS INCLUDE, IN ADDITION TO THE PROJECTS MENTIONED, THE FOLLOWING:

"A. METHANE DEMONSTRATION PROJECTS WITH THE VIEW OF EXPANDING ITS USES AS A FUEL IN INDIA;

"B. THE DEVELOPMENT AND EXPLOITATION OF OIL AND COAL DEPOSITS THAT MAY EXIST IN INDIA OR OFFSHORE; AND

"C. THE UTILIZATION OF GROUND WATER DEPOSITS."

THIRD, SERIOUS CONSIDERATION SHOULD BE GIVEN TO IMPLE-MENTING THE OBJECTIVES THROUGH THIS AGREEMENT OF THE MOORHEAD-BROOMFIELD PLAN TO EXPAND AMERICAN EXPORTS TO INDIA BY UTILIZING U.S.-OWNED EXCESS RUPEES TO PAY INDIAN IMPORT DUTIES ON SUCH PRODUCTS NOT EXCEEDING 10 PERCENT. THIS WOULD APPLY ONLY TO DEVELOPMENTAL GOODS AND SERVICES. AMBASSADOR MOYNIHAN AND THE DEPARTMENT ALREADY HAVE BEEN GIVEN DETAILS OF THE PLAN. THE AMBASSADOR ASSURED THE CONGRESSIONAL PROPONENTS OF THE PLAN THAT HE HAS NO PROBLEMS WITH IT AND WOULD TRY TO IMPLEMENT ITS OBJECTIVES IF GIVEN SUCH INSTRUCTIONS.

WE WOULD APPRECIATE YOUR PROMPT CONSIDERATION OF THIS
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LETTER AND THE ATTACHED MEMORANDUM. END QUOTE. RUSH

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Capture Date: 01 JAN 1994
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Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
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Handling Restrictions: n/a
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